


**UNITED STATES FIELD HOCKEY  
ASSOCIATION, INC.  
UNITED STATES FIELD HOCKEY FOUNDATION**

**Consolidated Financial Statements &  
Supplemental Schedules**

**For the Year Ended December 31, 2019**



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
United States Field Hockey Association, Inc.  
Colorado Springs, Colorado

We have audited the accompanying consolidated financial statements of United States Field Hockey Association, Inc. and United States Field Hockey Foundation (non-profit organizations), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities and changes in net assets, functional expenses, and of cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United State Field Hockey Association, Inc. and United States Field Hockey Foundation as of December 31, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As described in Note A to the financial statements, in 2019, United State Field Hockey Association, Inc. and United States Field Hockey Foundation adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), and Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

### **Emphasis of Other Matter**

As described in Note L, in March 2020, the World Health Organization declared a pandemic related to a fast-spreading novel strain of coronavirus. The outbreak caused significant global disruption in commercial and noncommercial activities. The disruption may have a significant impact on future financial performance; however, the ultimate impact of this global concern cannot be determined. Our opinion is not modified with respect to that matter.

### **Report on Summarized Comparative Information**

Other accountants previously audited the United States Field Hockey Association, Inc.'s and the United States Field Hockey Foundation's consolidated financial statements for the year ended December 31, 2018 and expressed an unmodified audit opinion on those audited financial statements in their report dated April 19, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*McMillen & Company, PLLC*

Colorado Springs, Colorado  
March 19, 2020

UNITED STATES FIELD HOCKEY ASSOCIATION, INC.  
UNITED STATES FIELD HOCKEY FOUNDATION  
Consolidated Statement of Financial Position  
December 31, 2019  
(With Comparative Amounts for 2018)

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,022,338	\$ 3,279,719
Accounts and pledges receivable, net	228,247	224,975
Prepaid expenses and other assets	<u>559,633</u>	<u>506,534</u>
Total current assets	3,810,218	4,011,228
LONG-TERM INVESTMENTS	2,290,432	2,054,409
PROPERTY AND EQUIPMENT:		
Athletic equipment and fields	943,053	929,283
Software	234,789	226,989
Computer equipment	170,852	157,131
Signage and branding	122,052	63,474
Office furniture	34,451	34,451
Leasehold improvement	6,511	6,511
Less accumulated depreciation	<u>(1,392,460)</u>	<u>(1,302,786)</u>
Property and equipment - net	<u>119,248</u>	<u>115,053</u>
TOTAL ASSETS	<u>\$ 6,219,898</u>	<u>\$ 6,180,690</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 68,677	\$ 52,486
Accrued liabilities	214,407	242,266
Deferred revenue	<u>3,397,716</u>	<u>3,357,070</u>
Total liabilities	3,680,800	3,651,822
NET ASSETS:		
Without donor restrictions	2,427,252	2,449,715
With donor restrictions	<u>111,846</u>	<u>79,153</u>
Total net assets	<u>2,539,098</u>	<u>2,528,868</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,219,898</u>	<u>\$ 6,180,690</u>

See Notes to Financial Statements

UNITED STATES FIELD HOCKEY ASSOCIATION, INC.  
UNITED STATES FIELD HOCKEY FOUNDATION  
Consolidated Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2019  
(With Comparative Totals for 2018)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2019 Consolidated Totals	2018 Consolidated Totals
<b>REVENUES, GAINS, &amp; OTHER SUPPORT:</b>				
Registration fees	\$ 4,362,006	\$	\$ 4,362,006	\$ 4,475,181
Membership dues	1,374,082		1,374,082	1,360,027
USOC support, including in-kind support of \$54,900 and \$54,900	1,096,917		1,096,917	1,126,600
Other fees	705,574		705,574	913,605
Investment income, net of fees fees of \$1,578 and \$1,495	385,677		385,677	(62,719)
In-kind contributions	335,917		335,917	579,770
Corporate sponsorship	325,033		325,033	442,971
Sales revenue	177,056	42,149	219,205	171,313
Grants	214,217		214,217	192,550
Rebates	194,838		194,838	178,212
Donations	125,565	20,073	145,638	271,873
Umpire fees	43,900		43,900	34,100
Licensing	40,020		40,020	79,340
Other income	30,512		30,512	4,849
Advertising	6,416		6,416	12,100
Net assets released from restriction	<u>29,529</u>	<u>(29,529)</u>		
Total revenue, gains, & other support	9,447,259	32,693	9,479,952	9,779,772
<b>EXPENSES:</b>				
Program services:				
Olympic & sport development	4,044,079		4,044,079	4,189,465
International teams	3,338,865		3,338,865	3,387,542
Member service	<u>389,187</u>		<u>389,187</u>	<u>473,741</u>
Total program services	7,772,131		7,772,131	8,050,748
Supporting services:				
General & administrative	1,137,299		1,137,299	1,060,258
Marketing & communication	319,899		319,899	479,812
Fundraising	212,553		212,553	121,566
Volunteer administration	<u>27,840</u>		<u>27,840</u>	<u>33,434</u>
Total supporting services	<u>1,697,591</u>		<u>1,697,591</u>	<u>1,695,070</u>
Total expenses	<u>9,469,722</u>		<u>9,469,722</u>	<u>9,745,818</u>
CONSOLIDATED CHANGE IN NET ASSETS	(22,463)	32,693	10,230	33,954
NET ASSETS, beginning of year	<u>2,449,715</u>	<u>79,153</u>	<u>2,528,868</u>	<u>2,494,914</u>
NET ASSETS, end of year	<u>\$ 2,427,252</u>	<u>\$ 111,846</u>	<u>\$ 2,539,098</u>	<u>\$ 2,528,868</u>

See Notes to Financial Statements

UNITED STATES FIELD HOCKEY ASSOCIATION, INC.  
UNITED STATES FIELD HOCKEY FOUNDATION  
Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2019

	Program Services			Supporting Services				Total Supporting Services	Total	
	Olympic & Sport Development	International Teams	Member Services	Total Program Services	General & Administrative	Marketing & Communication	Fundraising			Volunteer Admin.
Advertising & promotion	\$ 2,348	\$ 13,654	\$	\$ 16,002	\$	\$ 3,919	\$	\$	\$ 3,919	\$ 19,921
Bank charges	66	52		118	180,600		126		180,726	180,844
Contract services	857,566	321,191	4,500	1,183,257	42,629	18,038	1,374		62,041	1,245,298
Depreciation	3,154	48,509	927	52,590	24,532	12,553			37,085	89,675
Employee benefits	55,760	76,731	5,583	138,074	44,145	14,310	10,498		68,953	207,027
Equipment	149,140	102,617		251,757	7,344	1,111			8,455	260,212
Education	86			86	825				825	911
Facilities rental	591,337	142,255		733,592	3,712		528		4,240	737,832
Fees/visas/registration	401,913	31,671		433,584	7,183		393		7,576	441,160
Gifts & awards	29,483	5,654	49	35,186	3,031	685	1,404	52	5,172	40,358
Grant expense	60			60						60
Hospitality	130,931	11,107		142,038	35	17,368	2,300		19,703	161,741
Insurance	2,112	9,648	161,299	173,059	70,118		1,815		71,933	244,992
Investment fees					1,578				1,578	1,578
Meals & per diem	179,990	222,901	682	403,573	9,889	2,315	8,867	3,522	24,593	428,166
Miscellaneous	8,412	28,781	40,156	77,349	8,511	48,054	2,992	680	60,237	137,586
Office	93	720		813			507		507	1,320
Parking fees	5,515	5,819	82	11,416	708	141	159	277	1,285	12,701
Payroll taxes	40,400	55,596	4,045	100,041	31,987	10,368	10,395		52,750	152,791
Photocopying & printing	2,894	5,965	2,468	11,327	3,995	15,925			19,920	31,247
Postage & freight	47,290	6,624	602	54,516	5,793	8,621	1,639		16,053	70,569
Professional services	4,536	34,034	28,080	66,650	130,880	17,241	6,060		154,181	220,831
Rent					60,609				60,609	60,609
Repairs & maintenance		834		834	1,200				1,200	2,034
Salaries & wages	529,399	731,353	53,010	1,313,762	419,207	135,867	134,669		689,743	2,003,505
Software	4,651	19,128		23,779	9,297	640	15,533		25,470	49,249
Stipends		328,540		328,540						328,540
Supplies	12,379	25,510	169	38,058	5,201	4,217	4,533		13,951	52,009
Tax	143	17		160	87				87	247
Telephone & fax	3,777	24,885	14	28,676	7,880	1,156		1,299	10,335	39,011
Travel & transportation	704,931	884,881	2,414	1,592,226	48,295	6,552	7,936	22,010	84,793	1,677,019
Uniforms	54,118	41,493		95,611			825		825	96,436
Value in kind	221,595	158,695		380,290	9,606				9,606	389,896
Web fees			85,107	85,107		818			818	85,925
	<u>\$ 4,044,079</u>	<u>\$ 3,338,865</u>	<u>\$ 389,187</u>	<u>\$ 7,772,131</u>	<u>\$ 1,138,877</u>	<u>\$ 319,899</u>	<u>\$ 212,553</u>	<u>\$ 27,840</u>	<u>\$ 1,699,169</u>	<u>\$ 9,471,300</u>
Less: investment fees					(1,578)					(1,578)
Total expenses, as reported on the statement of activities	<u>\$ 4,044,079</u>	<u>\$ 3,338,865</u>	<u>\$ 389,187</u>	<u>\$ 7,772,131</u>	<u>\$ 1,137,299</u>	<u>\$ 319,899</u>	<u>\$ 212,553</u>	<u>\$ 27,840</u>	<u>\$ 1,699,169</u>	<u>\$ 9,469,722</u>

See Notes to Financial Statements

UNITED STATES FIELD HOCKEY ASSOCIATION, INC.

UNITED STATES FIELD HOCKEY FOUNDATION

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2019

(With Comparative Amounts for 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 10,230	\$ 33,954
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	89,675	68,083
Realized and unrealized (gains) losses on investments	(364,249)	82,309
(Increase) decrease in current operating assets:		
Accounts receivable, net	(3,272)	76,123
Prepaid expenses and other assets	(53,099)	(16,002)
Increase (decrease) in current operating liabilities:		
Accounts payable	16,191	16,425
Accrued liabilities	(27,859)	(12,049)
Deferred revenue	<u>40,646</u>	<u>(181,677)</u>
Total adjustments	<u>(301,967)</u>	<u>33,212</u>
Net cash (used) by operating activities	(291,737)	67,166
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in USOE investments	120,071	51,579
Gross proceeds from sale of other investments	9,779	566
Gross purchases of other investments	(1,624)	(12,014)
Acquisition of property and equipment	<u>(93,870)</u>	<u>(37,961)</u>
Net cash provided by investing activities	<u>34,356</u>	<u>2,170</u>
NET INCREASE (DECREASE) IN CASH	(257,381)	69,336
CASH AND CASH EQUIVALENTS, beginning of year	<u>3,279,719</u>	<u>3,210,383</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 3,022,338</u>	<u>\$ 3,279,719</u>

See Notes to Financial Statements



UNITED STATES FIELD HOCKEY ASSOCIATION, INC.  
UNITED STATES FIELD HOCKEY FOUNDATION

Notes to Financial Statements

For the Year Ended December 31, 2019

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizations

United States Field Hockey Association, Inc. (a non-profit organization) d/b/a USA Field Hockey (the Association) is the national governing body for the sport of field hockey and is responsible for the promotion and development of the sport in the United States and promotion of U.S. international participation. USA Field Hockey is an official member of the United States Olympic Committee (USOC). The Association has approximately 25,000 members and is responsible for the development of the boys, girls, high school, collegiate, club athletic programs, and ultimately the national teams representing the U.S. in international competitions. USA Field Hockey's national office is located in Colorado Springs, Colorado.

USA Field Hockey Foundation (the Foundation) was formed in 2002, as a Colorado non-profit corporation, and is a supporting organization for the Association. The Foundation's mission and principal activities are to provide financial and other assistance and support to the Association.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This standard implements a single, comprehensive framework for recognition of all revenue earned from customers. The topic's framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating the transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. For certain entities, including the Association and the Foundation (collectively, the Organizations), the standard is effective for fiscal years beginning after December 15, 2018. During the year ended

## Notes to Financial Statements

### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### New Accounting Pronouncements - continued

December 31, 2019, the Organizations adopted ASU 2014-09 using the full retrospective adoption method. In accordance with transition guidance, the Organizations elected to retroactively adjust only those contracts that did not meet the definition of a completed contract at the date of initial application. This guidance did not significantly impact the timing of the Organizations' revenue recognition.

In June 2018, the FASB issued standard ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard provides a more robust framework for determining whether an entity should account for a transaction as a contribution or as an exchange transaction. The guidance also helps determine whether a contribution is conditional and better distinguishes a donor-imposed condition from a donor-imposed restriction. During the year ended December 31, 2019, the Organizations adopted this standard for contracts not yet completed as of December 31, 2019, or entered into subsequent to December 31, 2019. The adoption did not result in a material change to how the Organizations account for revenue from contributions, grants, and contracts.

#### New Authoritative Pronouncements Not Yet Adopted

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement: Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)*. This ASU is effective for fiscal years beginning after December 15, 2019, with early adoption permissible. This ASU removes and modifies certain disclosures, adding disclosures related to fair value measurement. The Organizations are evaluating its impact on its financial statements.

#### Basis of Presentation

The financial statements of the Association are being presented on a consolidated basis with the Foundation, in accordance with generally accepted accounting principles in the United States of America. The accounting standards require consolidation when a non-profit organization has a controlling financial

## Notes to Financial Statements

### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Basis of Presentation - continued

interest in other entities. All inter-organizational accounts have been eliminated in the accompanying consolidated financial statements.

Accordingly, net assets and changes therein are classified and reported as follows:

- Net assets without donor restrictions: net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association.
- Net assets with donor restrictions: net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other purposes specified by the donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### Supplemental Cash Flow Disclosure

Cash and cash equivalents consist of the Organizations' checking and savings accounts. Cash flows from operating activities reflect no interest or income taxes paid for the year ended December 31, 2019.

#### Accounts and Pledges Receivable

Accounts and pledges receivable are stated at the amount management expects to collect from balances outstanding at

## Notes to Financial Statements

### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Accounts and Pledges Receivable - continued

year-end. The Association provides an allowance for doubtful accounts which is based on management's assessment of the credit history with customers having outstanding balances and current relationships with them. Delinquent receivables are written off based on specific circumstances of the customer and other economic factors. As of December 31, 2019 and 2018, receivables were recorded net of an allowance for doubtful accounts of \$1,605 and \$2,711, respectively.

#### Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Donated property and equipment is recorded at fair market value at the date of donation. Purchased property and equipment is recorded at cost. Property and equipment is depreciated using the straight-line method over estimated useful lives of three to seven years. Depreciation expense for years ended December 31, 2019 and 2018 amounted to \$89,675 and \$68,083, respectively.

#### Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

#### Revenue Recognition

We have analyzed the provisions of the Financial Accounting Standards Board's (FASB) ASC Topic 606, *Revenue from Contracts with Customers*, and have concluded that no changes are necessary to conform with the new standard. The Association's revenue recognition policies are as follows:

- Registration fees and other event-related revenue -  
Registration fees and other event revenue are paid by

## Notes to Financial Statements

### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Revenue Recognition - continued

both members and non-members for the different events that the Association holds during the year. These entail a specific delivery element and revenue is recognized at a single point in time when ownership, risks, and rewards transfer. Financial aid is reported as a reduction to the transaction price of registration fees. The Association recognizes revenue when it successfully conducts events.

- Membership dues - Membership dues revenue is recognized in an amount that reflects the consideration that the Association is entitled to in exchange for providing membership services. Registrations are recognized as revenue in the period in which the Association satisfies its performance obligation to its members. A performance obligation is a promise in a contract to transfer a distinct good or service to a customer, as defined by ASC 606. The Association's performance obligation for membership registration revenue is to provide membership services and benefits accessible only to members.
- Sponsorship revenue - Sponsorship revenue is recognized in an amount that reflects the consideration that the Association is entitled to in exchange for substantially fulfilling performance obligations specific to each contract. Sponsorships are recognized as revenue in the period in which the Association satisfies its performance obligation to its members. A performance obligation is a promise in a contract to transfer a distinct good or service to a customer, as defined by ASC 606. The Association's performance obligations for sponsorship revenue is to provide promotion and advertising opportunities as arranged under each contract. The Association has determined that performance obligations of existing multi-year contracts do not materially differ from year-to-year; but, it continues to evaluate each new contract for proper recognition under ASC 606.

#### Contributions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. However, restricted contributions

## Notes to Financial Statements

### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Contributions - continued

are reported as an increase in net assets without donor Notes to Financial Statements restrictions if the restriction is satisfied in the same reporting period in which the support is recognized. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions - temporary in nature, are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfied program restrictions.

#### In-kind Contributions

The Organizations received in-kind sponsorships and donations from various supporters, including affiliated organizations. In-kind sponsorships and donations recorded in the Organizations' financial statements are \$390,817 and \$634,670 for the years ended December 31, 2019 and 2018, respectively.

The Association receives a substantial amount of donated services in carrying out its programs. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under generally accepted accounting principles.

#### Income Tax

The Association and Foundation are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, accordingly, are not subject to federal income tax. Accordingly, no income tax provision has been recorded. The Organizations' Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by various taxing authorities, generally for three years after the date filed.

Management of the Organizations believe that they do not have any uncertain tax positions that are material to the financial statements.

## Notes to Financial Statements

### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Association. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel expenses are allocated on the basis of estimates of time and effort spent by personnel in the various program and supporting services made by the Organizations' Management. For the years ended December 31, 2019 and 2018, the Organizations' supporting service expenses amounted to 17.91% and 17.33%, respectively, of total support and revenue.

#### Date of Management's Review

In preparing the financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through March 19, 2020, the date that the financial statements were available to be issued.

#### Prior-Year Comparisons

The financial statements include certain prior year summarized comparative information in total but not by net asset class or by natural and functional classification of expenses. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organizations' financial statements for the year ended December 31, 2018, from which the summarized information was derived.

### B. AVAILABLE RESOURCES AND LIQUIDITY

The Association and Foundation regularly monitor liquidity required to meet operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organizations have cash and cash equivalents as a primary source of liquidity at its disposal. In addition to currently held financial assets available to meet general expenditures over the next 12 months, the Association operates under a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

## Notes to Financial Statements

### B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

As of December 31, 2019 and 2018, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 3,022,338	\$ 3,279,719
Accounts receivable, net	<u>228,247</u>	<u>224,975</u>
Total	<u>\$ 3,250,585</u>	<u>\$ 3,504,694</u>

The Association and Foundation also have investments of \$2,290,432 and \$2,054,409 as of December 31, 2019 and 2018, respectively. Although the Organizations do not intend to liquidate the investments for general expenditures over the next 12 months, the remaining funds are available, if necessary.

Of the amounts described above, as of December 31, 2019 and 2018, \$111,845 and \$79,153, respectively, of net assets are subject to donor-placed purpose or time restrictions (Note F).

### C. FAIR VALUE MEASUREMENT AND INVESTMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organizations have the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.



## Notes to Financial Statements

### C. FAIR VALUE MEASUREMENT AND INVESTMENTS - Continued

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Organizations record transfers between levels at the end of the reporting period.

The Foundation's investment in the United States Olympic Endowment (USOE) portfolio is valued at fair value using the net asset value of the portfolio provided by the USOE. The Foundation's investment in this portfolio is classified as Level 2.

The Foundation may request partial withdrawals (including allocation gains and interest once allocations are approved) following a 30-day notification period. The Foundation may request full liquidation of its investments with the USOE effective at the end of any calendar month upon the giving of at least 90-days written notice or upon shorter notice acceptable to the USOE if the USOE determines that adequate liquidity exists in the portfolio to permit early termination.

The USOE portfolio contains certain alternative investments. The Endowment's alternative investments, including investments held solely as agent, for the Foundation, consist of hedge equity funds, limited partnerships, real estate funds, private equity funds, bond fund trusts, and fund of funds.

Collectively, the managers of alternative investments invest in a variety of securities including, but not limited to, foreign and domestic publicly traded equity and debt securities, foreign and domestic fixed income investments, domestic commercial and residential real estate, options, warrants, derivatives, and contracts. When available, fair value is based on the last sale price for securities listed on national exchanges. For securities not listed on national exchanges, fair value is determined at the last bid or asking price depending on the long or short position of the security. Investments for which quotations are not available are valued at an estimated fair value by the fund managers using various models, comparisons, and assumptions. Consideration is given to several factors, including the type of investment, risks, marketability, restrictions on disposition, quotations from other market participants and values of similar investments.

Notes to Financial Statements

C. FAIR VALUE MEASUREMENT AND INVESTMENTS - Continued

There was no significant change to the valuation methodologies used during the year.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2019 and 2018, respectively:

Assets at Fair Value as of December 31, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
USOE pooled funds	\$	\$ 2,154,077	\$	\$ 2,154,077
Mutual funds:				
Fixed income	80,198			80,198
Equities	32,010			32,010
Alternative assets	3,619			3,619
Domestic equities	13,404			13,404
Cash and money				
Market	<u>7,124</u>			<u>7,124</u>
	<u>\$ 136,355</u>	<u>\$ 2,154,077</u>	<u>\$</u>	<u>\$ 2,290,432</u>

Assets at Fair Value as of December 31, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
USOE pooled funds	\$	\$ 1,924,383	\$	\$ 1,924,383
Mutual funds:				
Fixed income	77,812			77,812
Equities	31,068			31,068
Alternative assets	3,430			3,430
Domestic equities	11,367			11,367
Cash and money				
Market	<u>6,349</u>			<u>6,349</u>
	<u>\$ 130,026</u>	<u>\$ 1,924,383</u>	<u>\$</u>	<u>\$ 2,054,409</u>

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the recorded amount of investments in the Foundation's financial statements. The allocation of the USOE investment pool to the Foundation consisted of the following at December 31, 2019:

Alternative investments	37.08%
Domestic equities	31.77

Notes to Financial Statements

C. FAIR VALUE MEASUREMENT AND INVESTMENTS - Continued

International equities	19.16
Domestic bonds	6.77
Cash and cash equivalents	2.68
International bonds	<u>2.54</u>
	<u>100.00%</u>

Investment income consists of the following for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Unrealized gains (losses)	\$ 263,067	\$ (2,840)
Realized gains	102,760	47,464
Interest and dividends	21,428	19,590
Investment fees	<u>(1,578)</u>	<u>(1,495)</u>
Investment income	<u>\$ 385,677</u>	<u>\$ 62,719</u>

D. JOINT USE AGREEMENT AND RESTRICTED INVESTMENTS

In June 2001, the Association entered into a joint use and participation agreement with the City of Virginia Beach, Virginia, for the design and construction of a field hockey facility. Under the agreement, the Association was permitted to use the facility approximately 40% of the time and to maintain offices at the facility. In exchange, the Association became responsible for the purchase and installation of artificial turf on two playing fields, at a cost of \$376,562, and was obligated to maintain a reserve account in order to accumulate an amount equal to approximately 40% of the estimated replacement cost of the artificial turf. During 2013, the Association replaced one of the fields at a cost of \$268,859. During 2015, the Association replaced the second field at a cost of \$366,251.

In connection with the replacement of the field, the Association has the right to continue to use the facility on a limited basis for a period of four years ending December 31, 2017. Therefore, the cost of the replacement artificial turf incurred during 2013 was capitalized and was amortized over the four-year period. The cost of the replacement artificial turf incurred during 2015 was capitalized and was amortized over the remaining two-year period. The Association continues to use the facilities on an "as needed" basis.

Notes to Financial Statements

E. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2019 and 2018, respectively:

	<u>2019</u>	<u>2018</u>
Futures	\$ 1,639,435	\$ 1,934,930
Membership	949,564	839,112
Other registrations	555,867	419,878
Indoor qualifiers	<u>252,850</u>	<u>163,150</u>
	<u>\$ 3,397,716</u>	<u>\$ 3,357,070</u>

Revenue from fees for membership is deferred and recognized over the periods to which the fees relate.

F. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions, restricted for specific purposes or time periods, at December 31, 2019 and 2018, consist of contributions received for the following purpose and time period:

	<u>2019</u>	<u>2018</u>
Scholarships	\$ 91,478	\$ 58,762
Greg Gephardt fund	12,028	7,051
2019 operations	<u>                    </u>	<u>5,000</u>
Total	<u>\$ 103,506</u>	<u>\$ 70,813</u>

In addition to the time and purpose restrictions listed above, permanently restricted net assets of \$8,340 at December 31, 2019 and 2018, are held in perpetuity, the income of which is expendable to support any activity of the Association.

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2019 and 2018, net assets were released from restrictions by satisfying the following restricted purposes:

	<u>2019</u>	<u>2018</u>
Scholarships	\$ 22,006	\$
2019 operations	5,000	
Greg Gephardt fund	<u>2,523</u>	<u>5,075</u>
Total	<u>\$ 29,529</u>	<u>\$ 5,075</u>

## Notes to Financial Statements

### G. AFFILIATED ORGANIZATIONS

The United States Olympic & Paralympic Committee (USOPC) provides grants to the Association for sports development, international competition, and team preparation. Total grants from the USOC during the years ended December 31, 2019 and 2018, respectively, consist of the following project categories:

	<u>2019</u>	<u>2018</u>
High performance	\$ 860,100	\$ 860,100
Media content license	150,000	150,000
Value-in-kind	54,900	54,900
Other grants	<u>31,917</u>	<u>61,600</u>
	<u>\$ 1,096,917</u>	<u>\$ 1,126,600</u>

The Association is economically dependent on support from the USOC in order to sustain its operations at current levels.

### H. PENSION PLAN

The Association has a defined contribution pension plan pursuant to Section 403(b) of the Internal Revenue Code, covering substantially all employees. The Association matches employees' voluntary contributions up to 4% of the employee's compensation. Pension expense is \$41,400 and \$44,884 for the years ended December 31, 2019 and 2018, respectively.

### I. CONCENTRATION OF CREDIT RISK

Certain financial instruments potentially subject the Association to concentration of credit risk. These financial instruments consist primarily of cash and investments. At times, cash deposit may exceed amounts insured by the Federal Deposit Insurance Corporation.

### J. INTERCOMPANY TRANSACTIONS

The Association receives grants and reimbursements for certain administrative functions with the Foundation. And, the Association occasionally receives contributions or other revenue intended for the Foundation, which are owed back to the Foundation. These intercompany transactions and the amounts owed to/from the Organizations have been eliminated in the consolidated financial statements.

## Notes to Financial Statements

### K. OPERATING LEASE AGREEMENTS

The Association has an operating lease agreement for office space which expires in 2020. The Association also leases equipment under non-cancellable operating lease agreements which expire during 2020. Rent expense under the operating leases are \$60,609 and \$59,420 for the years ended December 31, 2019 and 2018, respectively.

The future minimum annual lease payments for the years ended December 31 are as follows:

2020	\$ 10,440
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### L. SUBSEQUENT EVENTS

As of February 28, 2020, the Association had executed a termination agreement for its contract with Spooky Nook Sports, Inc., regarding its previous training site agreement signed in 2013. The facility rent for the last quarter of 2019 was waived per the termination agreement and the Association used the facility up to February 28, 2020, without incurring any fees.

In March 2020, the World Health Organization declared a pandemic related to a fast-spreading novel strain of coronavirus. As a result of the global attention and concern arising from this disease (COVID-19), many event organizers have taken appropriate measures to limit the spread of the disease, such as postponing events. Potential impacts to the Organizations include disruptions or restrictions on the Organizations' ability to perform services and/or conduct events, which could inhibit its ability to secure sponsorships and other funding. Furthermore, the financial impacts of COVID-19 on the Organizations' sponsors and grantors are unknown.

Management continues to evaluate options for appropriate response to this global concern within the context of its operations and events. However, the impact of the COVID-19 outbreak is unknown.

UNITED STATES FIELD HOCKEY ASSOCIATION, INC.  
UNITED STATES FIELD HOCKEY FOUNDATION  
Consolidating Statement of Financial Position  
December 31, 2019

	USA Field Hockey	United States Field Hockey Foundation	Eliminating Entries	2019 Consolidated Totals
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 2,992,608	\$ 29,730	\$	\$ 3,022,338
Accounts and pledges receivable, net	330,446	15,505	(117,704)	228,247
Prepaid expenses and other assets	559,535	98		559,633
Total current assets	3,882,589	45,333	(117,704)	3,810,218
LONG-TERM INVESTMENTS	136,355	2,154,077		2,290,432
PROPERTY AND EQUIPMENT:				
Athletic equipment and fields	943,053			943,053
Software	234,789			234,789
Computer equipment	170,852			170,852
Signage and branding	122,052			122,052
Office furniture	34,451			34,451
Leasehold improvements	6,511			6,511
Less accumulated depreciation	(1,392,460)			(1,392,460)
Property and equipment - net	119,248			119,248
OTHER ASSET:				
Beneficial interest in net assets of United States Field Hockey Foundation	2,086,331		(2,086,331)	
<b>TOTAL ASSETS</b>	<b>\$ 6,224,523</b>	<b>\$ 2,199,410</b>	<b>\$ (2,204,035)</b>	<b>\$ 6,219,898</b>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable	\$ 73,302	\$ 5,375	\$ (10,000)	\$ 68,677
Grants payable		107,704	(107,704)	
Accrued liabilities	214,407			214,407
Deferred revenue	3,397,716			3,397,716
Total liabilities	3,685,425	113,079	(117,704)	3,680,800
NET ASSETS:				
Without donor restrictions	2,427,253	2,086,331	(2,086,331)	2,427,253
With donor restrictions	111,845			111,845
Total net assets	2,539,098	2,086,331	(2,086,331)	2,539,098
<b>TOTAL LIABILITIES, MEMBERS' EQUITY, AND NET ASSETS</b>	<b>\$ 6,224,523</b>	<b>\$ 2,199,410</b>	<b>\$ (2,204,035)</b>	<b>\$ 6,219,898</b>

UNITED STATES FIELD HOCKEY ASSOCIATION, INC.  
UNITED STATES FIELD HOCKEY FOUNDATION  
Consolidating Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2019

	USA Field Hockey	United States Field Hockey Foundation	Reallocation/ Eliminating Entries	2019 Consolidated Totals
<b>REVENUE, GAINS, &amp; OTHER SUPPORT:</b>				
Registration fees	\$ 4,362,006	\$	\$	\$ 4,362,006
Membership dues	1,374,082			1,374,082
USOC support, including in-kind support of \$54,900	1,096,917			1,096,917
Other fees	705,574			705,574
Investment income net of fees at \$1,578 and \$1,495	17,521	368,156		385,677
In-kind contributions	335,917			335,917
Corporate sponsorship	325,033			325,033
Sales revenue	219,205			219,205
Grants	341,921		(127,704)	214,217
Rebates	194,838			194,838
Donations & fundraising events	119,250	36,388	(10,000)	145,638
Umpire fees	43,900			43,900
Licensing	40,020			40,020
Other income	30,512			30,512
Advertising	6,416			6,416
Change in beneficial interest in net assets of United States Field Hockey Foundation	<u>168,610</u>		<u>(168,610)</u>	
Total revenue, gains, & other support	9,381,722	404,544	(306,314)	9,479,952
<b>EXPENSES:</b>				
Program services:				
Olympic & sport development	4,044,079			4,044,079
International teams	3,338,865			3,338,865
Member service	389,187			389,187
Support for United States Field Hockey Association, Inc.		<u>127,704</u>	<u>(127,704)</u>	
Total program services	7,772,131	127,704	(127,704)	7,772,131
Supporting services:				
General & administrative	1,137,299	35,621	(35,621)	1,137,299
Marketing & communication	319,899			319,899
Fundraising	114,323	72,609	25,621	212,553
Volunteer administration	<u>27,840</u>			<u>27,840</u>
Total supporting services	<u>1,599,361</u>	<u>108,230</u>	<u>(10,000)</u>	<u>1,697,591</u>
Total expenses	<u>9,371,492</u>	<u>235,934</u>	<u>(137,704)</u>	<u>9,469,722</u>
CHANGE IN NET ASSETS	10,230	168,610	(168,610)	10,230
NET ASSETS, beginning of year	<u>2,528,868</u>	<u>1,917,721</u>	<u>(1,917,721)</u>	<u>2,528,868</u>
NET ASSETS, end of year	<u>\$ 2,539,098</u>	<u>\$ 2,086,331</u>	<u>\$ (2,086,331)</u>	<u>\$ 2,539,098</u>